



TEXAS HOMESTEAD PROTECTIONS

The Texas Homestead Law was created to prevent most creditors from taking a person's home to satisfy a debt or lien. The law does NOT include the holders of liens for mortgages, taxes, or home improvement loans.

HOW DO YOU DECLARE A HOMESTEAD?

When you purchase a new home, it is important to contact your appraisal district in the county where you reside to ask for the necessary forms for declaring a homestead. Thanks to a recent change in the law, homeowners are now eligible for this exemption from the date that they obtain ownership of their new property. It is necessary to provide your driver's license or valid state-issued ID and a copy of your vehicle registration receipt. The address on these documents is required to match the address of the homestead. If you don't own a vehicle, you must submit a notarized affidavit and provide a current utility bill instead.

WHAT IS A PRETEND SALE AND LEASE OF A HOMESTEAD?

Any sale of a homestead property that is less than the appraised fair market value in which the buyer of the property implements a lease of said property to the seller. The lease payments typically exceed fair rental value of property. It is considered to be a loan with all payments made from the seller to the buyer in excess of the sales price with interest, subject of the usury statute as found in Article 5069.01 Et Seq.

This type of transaction is considered a dishonest trade practice and is disfavored in the state of Texas. An exception to this rule applies if the sale of the family homestead is to a parent, step-parent, child, step-child, brother, sister, half-brother, half-sister, grandparent, or grandchild of an adult family member. Title insurance is NOT available on the sale and leaseback of a homestead property.

WHAT IS HOMESTEAD ABANDONMENT?

If the claimant of a homestead is married, the homestead cannot be abandoned without the permission of the claimant's spouse. When the parties purchase a new home, the old homestead will be considered abandoned. (A new homestead must be acquired in order for the former homestead to be deemed abandoned.)

WHAT IS CONSIDERED A HOMESTEAD?

Houses, condos, townhouses, or permanently-installed mobile homes are all considered homesteads.

- **Rural Homestead** – A rural homestead is not more than 100 acres for a single individual (not otherwise entitled to a homestead) and is not more than 200 acres for a family. The land can be in more than one parcel with improvements thereon. A homestead is to be considered rural if, at the time of designation, the property is not served by municipal utilities and police/fire protection.
- **Urban Homestead** – An urban homestead cannot be more than 10 acres of land, whether it is a family's home or the home of a single adult individual (not otherwise entitled to a homestead). The land can be in one or more contiguous lots with improvements thereon.